

Checklist for Performing Final Financial Reconciliation

A Superfund State Contract (SSC) is entered into pursuant to §104(a)(1), (c)(2), and(c)(3) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), 42 U.S.C. 9601 *et seq.*, as amended; the National Oil and Hazardous Substances Pollution Contingency Plan (40 CFR Part 300, March 8, 1990, hereinafter referred to as the "NCP"); and other applicable Federal regulations including 40 CFR Part 35, Subpart O, and 2 CFR Parts 200 and 1500.

SSCs are entered into by EPA and a state to document assurances specified in CERCLA before EPA undertakes remedial action at a site, including an assurance from the state that they will provide cost share for the costs of the remedial action. Periodic financial reviews should be conducted through the life of a remedial action to ensure that EPA does not expend more funds for the remedial action than agreed to in the SSC.

This checklist focuses only on the data and actions that may be required to conduct a final financial reconciliation prior to administrative closure of an SSC or termination of an SSC. While the documentation requirements are mostly the same for conducting a periodic financial review or final financial reconciliation, additional steps may need to be taken at the end of the final financial reconciliation in order to proceed to SSC closure in a timely manner.

Definitions:

- **Periodic financial review:** Provision 17.D of the 2015 Model SSC Provisions¹ requires periodic financial reviews of cumulative expenditures for the work provided under the SSC. The frequency of the periodic financial reviews is to be decided between EPA and the state, and the review may also include a review of credits, in-kind services, contingency funds, cost share payments, and SSC cost estimates. This review is meant to ensure that expenditures for the remedial action do not exceed the costs agreed to in the SSC, and is separate from the final financial reconciliation.
- **Final financial reconciliation:** Provision 27 of the 2015 Model SSC Provisions and Section 35.6805(k) of Subpart O require that a final financial reconciliation of remedial action costs be completed and documented to ensure that both EPA and the state have satisfied the CERCLA cost share requirement. The final financial reconciliation should be completed before the SSC can be administratively closed or terminated.
- **Administrative closure:** Provision 37.A of the 2015 Model SSC Provisions provides the requirements for an SSC to be administratively closed. An SSC may be administratively closed when:
 - 1) the response activities under the SSC have been satisfactorily completed;
 - 2) the final financial reconciliation has been completed;
 - 3) the State has accepted transfer of any Federal interest in real property, as applicable; and,

¹ The 2015 Model SSC Provisions can be found at https://www.epa.gov/superfund/superfund-remedial-design-remedial-action#ssc_anchor.

4) the State has assumed responsibility for all future operation and maintenance (O&M).

Section 35.6820 of Subpart O further requires that the State submit all cost share payments to EPA prior to the SSC being administratively closed. Administrative closure and final SSC conclusion (see below) can occur simultaneously where O&M is not required for a remedial action or an SSC is terminated.

- **Final SSC conclusion:** Provision 37.B of the 2015 Model SSC Provisions provides the requirements for final SSC conclusion. Final SSC conclusion occurs when O&M is concluded, a PRP has taken over O&M requirements for the site and the SSC is terminated, or the SSC is terminated for other reasons. If O&M is not required for a remedial action, or an SSC is terminated, then administrative closure and final SSC conclusion would occur simultaneously.
- **Termination:** Provision 36 of the 2015 Model SSC Provisions provides the requirements for termination of an SSC. A final financial reconciliation is required for termination of an SSC.

When to Initiate Final Financial Reconciliation:

- The final financial reconciliation of costs under the SSC must be completed in order for an SSC to be administratively closed or terminated and ensure that both EPA and the state have satisfied the cost share requirement contained in §104 of CERCLA, as amended.
- EPA may provide a **draft** final financial reconciliation and documentation to the state within one year of: the operational and functional (O&F) determination² or completion of the long-term response action (LTRA) under the SSC.³
- Final financial reconciliation of remedial action costs under the SSC cannot be completed until all costs and indirect rate adjustments have been settled for the entire contract that the remedial action work was conducted under, and all invoices paid, which may take several years after completion of the remedial action. As a result, it may be useful to follow this checklist for the draft final financial reconciliation that is to occur within one year of the O&F determination or completion of the LTRA to reconcile known costs at that time. Depending on the amount of time anticipated before the contract will undergo a final rate adjustment for costs, it may be appropriate for regions to issue bills to the state for cost share owed, or provide refunds to the state for excess cost share provided, based on the draft final financial reconciliation.

Completion of the Final Financial Reconciliation:

- The final financial reconciliation is considered complete when the state has provided all cost share required and EPA has either refunded overpayments to the state or EPA has documentation from the state for the site(s) where excess payments or credits are to be moved.
- In order to simplify paperwork transactions, if the final financial reconciliation shows that additional financial transactions between EPA and the state are necessary to resolve cost share requirements for

² In accordance with 40 CFR 300.435(f)(1), the O&F determination results in the transfer of each remedial action to the State for O&M or initiation of the long-term response action.

³ The 2015 Model SSC Provisions include a provision for EPA to provide a draft final financial reconciliation to the state within one year of the operational and functional determination or completion of the long-term response action. SSCs entered into prior to issuance of the 2015 Model SSC Provisions may not include this requirement.

the remedial action, the EPA region may send an SSC amendment for administrative closure to the state for the state's signature and resolve the financial transactions as part of the SSC amendment process. However, the EPA region should not sign the SSC amendment for administrative closure or termination until all the financial transactions have been resolved or has documentation as to their resolution (e.g., direction from the state for where to move excess credit). In other words, the state would sign the SSC amendment for closure or termination, and as part of that process provide the documentation needed to resolve cost share or submit payment to EPA of remaining cost share owed. Upon receipt of the SSC amendment from the state with their signature, EPA would have the necessary documentation to consider the final financial reconciliation complete and sign the SSC amendment for administrative closure or termination.

Checklist for Final Financial Reconciliation

The following provides suggested steps to conduct and complete a final financial reconciliation for an SSC.

1. Gather all documents associated with the SSC

- ☐ Signed copy of the original SSC.
- ☐ All signed amendments to the SSC.
- ☐ Credit documentation, if applicable. Ensure there is:
 - ☐ A State Credit Cost Package Certification signed by the remedial project manager (RPM) and financial management officer (FMO);
 - ☐ Letter from the Comptroller to the Superfund Division Director approving the reviewed credit package; and,
 - ☐ Letter from the Region to the State approving the credit work.
- ☐ In-Kind Service documentation, if applicable.
 - ☐ Support agency cooperative agreement per 40 CFR 35.6285(b).
- ☐ All bills sent to the state and invoice summaries or SCORPIOS reports, and invoices if printed from SCORPIOS, to support the bills.
- ☐ Correspondence related to the SSC financial details.

2. Remedial Action Costs and Cost Share

Note: OSRTI has a template and excel file available for conducting the final financial reconciliation. The template format is provided as an Appendix to this checklist. Regions are encouraged but not required to use the template and excel file for completing their financial reconciliation. The following checklist provides line reference numbers for the template and excel file should regions choose to use it for the final financial reconciliation.

a. Estimates for Remedial Action Costs and Cost Share from SSC/Amendments

- ☐ **SSC Ceiling:** Determine the total estimated remedial action and long-term response action (LTRA), if applicable, cost per the original SSC and any amendment(s). [Line 1 of the reconciliation template.]
- ☐ **State Share Match Percentage:** Determine the remedial cost share percentage per the SSC. [Line 2 of the reconciliation template.]
- ☐ **State Cost Share Amount Owed as Documented in SSC.** Determine the amount of state cost share to be provided per the SSC. [Line 3 of the reconciliation template.]

b. Actual Remedial Action Costs Incurred by EPA

- ☐ **Determine EPA Expenditures:** The following are tools that can be used to determine EPA extramural expenditures for the remedial action. Note that all appropriated Superfund funds should be included when determining EPA extramural expenditures for the remedial action, including carryover, recertified funds, and ARRA (fund code “TS”) funds. Intramural costs (e.g., payroll, travel) should not be included for cost share calculations.
 - ☐ **Compass Data Warehouse (CDW) Budget Detail Spending Report:** For a quick summary of remedial action expenditures, run a CDW Budget Detail Spending query. This can be used as a reference check for the sum of expended amounts from the more detailed analysis below. **Tip:** 1) Uncheck all Budget Fiscal Years (BFYs), 2) Check Beginning Budget Fiscal Year (BBFY), Fund, Budget Object Code (BOC), Project boxes, 3) In the Project field enter the 4 digit SSID with R (old remedial action code), space, 4 digit SSID with RA (current remedial action code), space, and 4 digit SSID with LR (long-term response action code, 4) In the Budget Object Code field enter 10, space, 21, space, 28, space 41 and select the “Not Equal” radio button, 5) Press Submit, and the output will provide by BBFY, Fund, BOC, and Site/Project unliquidated obligations and expenditures summary.
 - ☐ **SCORPIOS Report:** Run a SCORPIOS report for only action codes R, RA, and LR for contracts and interagency agreements (IAs) from inception to current. *Note: If in doubt, include everything except for Grants/Cooperative Agreements in the query.* **Tip:** An alternative is to run a SCORPIOS report for all costs filtering on “T” funds not including special account funds, and then deduct the Annual Allocation costs and any Cooperative Agreements costs.
 - ☐ **SCORPIOS Report for Special Account Fund Expenditures:** Also run a SCORPOIS report for special account expenditures (fund codes TR2, TR2A and TR2B) for action codes R, RA, and LR for contracts and IAs. Special account funds must be subtracted from total remedial action expenditures when determining the state cost share.
 - ☐ **CDW Contract Expenditures:** Print a contract obligation and expenditure summary from CDW. **Tip:** In CDW, under Other Systems on the top right, select CPS Account History. Enter the

following criteria in order to run the report: Site/Proj, the 4 digit Site Specific Identification Number (SSID), followed by the activity code R, RA, or LR. For a site with both remedial and long-term response action, run and print a report for each activity code. This will generate a list of all obligations and expenditures for each contract used at the site. If special account funds were used for the remedial action, also run a report for only special account funds (fund codes TR2, TR2A, TR2B).

- ☐ **CDW Interagency Agreement Expenditures:** Print a site-specific IA expenditures report from CDW.

Tip: Use the box at the top center of the CDW page and enter the IA number including the alpha prefix. Also click the Obligations box.

- ☐ **Reconcile State Bills, SCORPIOS and Compass:** Reconcile contract and IA expenditures included in all the state bills to the SCORPIOS summary and the CDW reports. Determine if all extramural remedial expenditures have been included in the state bills.
 - ☐ Determine the amount of EPA extramural remedial action expenditures using appropriated funds. [Line 5 of the reconciliation template.]
 - ☐ Determine the amount of extramural remedial action expenditures using TR1/5R1 funds. [Line 6 of the reconciliation template.]
 - ☐ Determine the amount of extramural remedial action expenditures using special account funds. [Line 7 of the reconciliation template.] *Note: These will be subtracted from the total extramural remedial action costs as cost share is not required for special account funds.*
- ☐ **Total Remedial Action Costs for Work Performed:** The sum of EPA expenditures using T, TR1/5R1, and TR2 funds are the total remedial action costs for work performed under the SSC. [Line 8 of the reconciliation template.]
- ☐ **Remedial Action Costs for Cost Share Purposes:** Subtract all special account expenditures from the total remedial action costs for work performed to determine the amount for remedial action against which cost share should be derived. [Line 10 of the reconciliation template.]

c. State Cost Share Owed Based on Actual Costs Incurred

- ☐ **State Cost Share Amount on Actual Costs Incurred:** Multiply the amount of remedial action costs incurred for cost share purposes by the state cost share percentage found in the SSC. [Line 12 of the reconciliation template.]

d. State Cost Share Paid: In-Kind Services/Credits/Collections

- ☐ **In-Kind Services:** Review documentation for in-kind services conducted by the State for remedial action work under the SSC and approved by EPA. This amount will be applied against the amount of cost share owed by the State. [Line 14 of the reconciliation template.]
- ☐ **State Credits:** Review documentation for work conducted by the State and approved for credit by EPA. This amount will be applied against the amount of cost share owed by the state. [Line 15 of the

reconciliation template.]

Tip: Regions can request from the Cincinnati Finance Center (CFC) the total credits entered in Compass to confirm the credits are in Compass for the site and match the documentation reviewed above. *Note: Regions provide approved state credits to the CFC quarterly as part of the SSC Accrual process. The CFC enters the state credits into Compass.*

- ☐ **Excess State Credits (earned at other sites):** Review SSC documentation to determine if excess credit earned at another site will be applied towards cost share owed at this site. [Line 16 and 16a of the reconciliation template.]
 - ☐ **Cash Collections (TR1/5R1 funds):** Print a collections summary from Compass Data Warehouse (CDW) and/or the Compass Business Objects Reporting Tool (CBOR) SSC Available Balance report. The CBOR SSC Available Balance report has all receipts/collections for cash paid by the state for cost share. [Line 17 of the reconciliation template.] *Notes:*
 - Older collections may not be in CDW or IFMS historical queries. Pre-IFMS historical reports may need to be checked depending on the age of the site.
 - The CBOR SSC Available Balance report should capture all collections, and by clicking on the collection amount it will provide total collections for IFMS, and collections by fiscal year starting in 2012. However, individual collections to reconcile with the bills cannot be easily identified in the CBOR report.
 - Some cost share paid by the state may have been collected and/or spent from the 5R1 fund code that was used prior to the TR1 fund code.
- Tip:** To use the Collections Inquiry in CDW, enter the SSID in the Project field and TR1 in the Fund field. For old SSCs pull collections from both the current Compass Data Warehouse and the IFMS Historical Collection Inquiries within CDW, with both TR1 and 5R1 in the Fund field.
- ☐ **Reconcile Bills to Collections:** Compare all bills sent to the state to all collections to determine if all bills were collected.
 - ☐ **Review Settlement Agreements for Site:** Review any settlement agreements for the site to determine if state cost share was addressed as part of the settlement agreement, and if so, how any funds under the settlement agreement for state cost share were addressed.
 - ☐ **Determine State Cost Share Amount Provided:** Sum the amount of cost share provided through in-kind services, credit work performed at the site, excess credit to be provided from another site, and cash collections. [Line 18 of the reconciliation template.]

3. Financial Reconciliation Calculations for Cost Share

- ☐ **Determine Cost Share Amount to be Billed or Overmatch/Excess Credit.** Compare the amount of state cost share owed based on costs incurred to the amount of state cost share provided by the state. [Line 19 and line 20 of the reconciliation template.]
 - ☐ **Amount of cost share provided by the state is equal to the amount of cost share owed:** If the amount of cost share provided by the state is equal to the amount of cost share owed, the state has met its cost share requirements. [Line 21 of the reconciliation template.]

- ☐ **Amount of cost share provided by the state is less than state cost share owed:** If the amount of cost share provided by the state is less than the amount of state cost share owed, a bill will need to be sent to the state for the remaining amount owed, or the state may move excess credit from another site to this site. [Line 22 and line 22a in the reconciliation template.] *Note: Moving excess credit from another site must be documented in an SSC amendment for the donating site.*
- ☐ **Amount of cost share provided by the state is more than state cost share owed:** If the amount of cost share provided by the state is more than the amount of state cost share owed, the amount received in excess of the amount owed should be disposed of in accordance with the following hierarchy. [Line 24 of the reconciliation template.]
 - ☐ If funds were collected from the state, the amount of overmatch can be returned to the state or moved to another site at the direction of the state. In cases where the state provided its cost share using a combination of cash and credits and/or in-kind services, the amount refunded to the state can't exceed the amount of cash collected from the state. [Line 25 of the reconciliation template.]
 - ☐ If the state satisfied its cost share obligation with EPA approved credit work at this site or excess credit from another site, the excess credit should be moved to another site. [Line 26 and line 27 of the reconciliation template.]
 - ☐ If the state satisfied its cost share obligation with EPA approved in-kind services, Subpart O prohibits this amount to be transferred to another site or refunded to the State. There is no way to dispose of the excess cost share provided through in-kind services. [Line 28 of the reconciliation template.]

4. Determine Final Actions Needed to Resolve Cost Share

- ☐ **Issue Bill:** If additional funds are required for cost share, complete an accounts receivable form and email to the CFC group box CINWD AcctsReceivable.
- ☐ **Move Excess Credit from another Site to this Site:** If the state owes additional cost share and chooses to move excess credit from another site to this site, the state cost share amount remaining on this site cannot be resolved until that credit is moved to this site. Excess credit cannot be moved until the RA is completed at the donor site and the amount of excess credit available at the donor site can be determined. This must be documented in an amendment to the donor site's SSC.
- ☐ **Move Excess Credit at this Site to another Site:** If the state has excess credit at this site, the excess credit will need to be moved to another site requiring cost share. The movement of the excess credit to another site can be documented in an SSC amendment documenting the administrative closure of this SSC.
- ☐ **Overmatch:** State will need to direct EPA if they would like a refund or excess TR1 funds moved to another site. *Note: If all of the TR1 funds provided by the state have been expended, the region will need to request CFC enter a reclassification to replace TR1 expenditures with T expenditures, making the TR1 funds available for CFC to issue a check to the state or move the funds to another site.*

- If the state would like a refund, request CFC to issue a check based on the final financial reconciliation to the state.
- If the state would like to move the overmatch to another site, request CFC to move the funds to another site.

5. SSC Final Financial Actions by EPA

- **Final T/TR1 Reclassification:** If TR1 funds remain available in Compass, the region will need to request CFC complete a final T and TR1 reclassification to expend all TR1 collected funds.
- **SSC Accrual Spreadsheet:** Appropriate entries should be made on the SSC accrual spreadsheet in order to show all financial transactions have been completed. Once the SSC accrual spreadsheet reflects the amounts in the completed final financial reconciliation, EPA regions should request CFC to move the line to the “Final Financial Reconciliation Complete” section on the spreadsheet.
 - The following columns in the SSC Accrual Spreadsheet should reflect the amounts in the final financial reconciliation:
 - Site Amount
 - State Share
 - SSC Credits and In-Kind Contributions
 - Total Cumulative Disbursements in T Funds
 - Total Cumulative Disbursements in TR1 & 5R1
 - The “Reporting Period/Year End Revenue Accrual in T” columns in the SSC Accrual Spreadsheet should reflect \$0 at final financial reconciliation.

6. Final Financial Reconciliation Completion

After collection of a final bill, or refund/transfer of an overmatch, forward a copy of the final financial reconciliation to the SSC Coordinator and RPM and ensure the final financial reconciliation is placed in the site file.

- a. The final financial reconciliation should reflect:
 - i. All billings/collections/credits, refunds, and transfers are completed;
 - ii. All disbursements are recorded in EPA’s financial system;
 - iii. Disbursements have been reclassified when applicable;
 - iv. Advances in EPA’s financial system equal zero;
 - v. There are \$0 TR1/5R1 funds available for the site (use CBOR SSC Available Balance report to determine available balance).

Additional Information:

RMDS 2550D, Chapter 9, SSC Procedures:

<http://intranet.epa.gov/ocfo/policies/direct/2550d-09-p1.pdf>

<http://intranet.epa.gov/ocfo/policies/direct/2550d-09-p1-t1.pdf>

SSC Model Provisions (November 2015)

https://www.epa.gov/superfund/superfund-remedial-design-remedial-action#ssc_anchor

APPENDIX: Final Financial Reconciliation Template

The following provides a template that can be used for the calculations needed to do a final financial reconciliation prior to administratively closing an SSC.

Section 1. Estimated Remedial Action Costs and State Cost Share Documented in SSC		
<i>This section should be completed based on the costs in the most recent SSC and/or amendments to determine what EPA and the state estimate the RA costs and cost share to be.</i>		
1	Remedial Action Costs Documented in SSC and Amendments	\$0.00
2	State Cost Share (either 50%+ or 10%)	0%
3	Amount of State Cost Share to be Provided per SSC	\$0.00

Section 2. Actual Remedial Action Costs Incurred by EPA to Implement the SSC		
<i>This section provides actual costs incurred to complete the RA outlined in the SSC.</i>		
4	Estimate for RA based on SSC	\$0.00
5	EPA Appropriated ("T") Expenditures for Remedial Action (include "TS" ARRA expenditures)	\$0.00
6	EPA Expenditure of State Collections ("TR1")	\$0.00
7	EPA Special Account ("TR2*") Expenditures for Remedial Action	\$0.00
8	Total Remedial Action Costs Incurred	\$0.00

Section 3. Remedial Action Costs To Which Cost Share is Applied		
<i>This section provides the costs incurred for remedial action to which cost share should be applied and separates the special account costs incurred for which cost share is not applied.</i>		
9	Special Account Remedial Action Costs (cost share does not apply)	\$0.00
10	Remedial Action Costs for Cost Share (T, TR1) (cost share does apply)	\$0.00

Section 4. EPA and State Costs for Cost-Shareable Remedial Action Costs			
<i>This section provides EPA's share of the remedial action costs and the state's share of the remedial action costs for costs incurred to which cost share is applied.</i>			
11	EPA Share of Remedial Action Costs	0%	\$0.00
12	State Cost Share	0%	\$0.00

Section 5. Actual Cost Share Provided by the State			
<i>This section should be completed based on actual cost share provided by the state via credit, in-kind services, and cash payments. While cash payments would be documented in EPA's financial system, credit and in-kind services are documented elsewhere.</i>			
13	Estimate of Cost Share Owed based on SSC		\$0.00
14	In-kind Services Approved by EPA for Work Performed by the State for this Remedial Action		\$0.00
15	Credit Approved by EPA for Work Performed by the State for this Remedial Action		\$0.00
16	Excess Credit Applied to this Site for Work Performed at Another Site		\$0.00
16 a	SSID Credit is Being Moved From	Enter SSID Here	
17	TR1 Collections Provided by the State		\$0.00

18	Total Amount of Cost Share Provided by State	\$0.00
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Section 6. Cost Share Owed by State or Overmatch		
<i>This section is based on the inputs above and calculates if the state owes cost share for costs incurred to date or if the state has overmatch/excess credit.</i>		
19	Amount of cost share owed (from line 12):	\$0.00
20	Amount of cost share provided (from line 18):	\$0.00
21	Has the state provided cost share exactly equal to the amount of cost share owed?	Yes/No
22	Does the state need to provide additional cost share?	Yes/No
22 a	<i>If line 22 is "Yes", amount of remaining cost share owed by the State</i>	\$0.00
23	Has the state provided more cost share than owed?	Yes/No
24	<i>Amount of Excess Cost Share Provided:</i>	
25	<i>Amount of TR1 Funds Available as Overmatch (May be refunded to state or moved to another site)</i>	\$0.00
26	<i>Amount of Excess Credit Moved from Other Site that Can be Moved to Another Site (May be moved to another site but cannot be refunded to the state)</i>	\$0.00
27	<i>Amount of Credit Earned at Site Available to be Used at Another Site (May be moved to another site but cannot be refunded to the state)</i>	\$0.00
28	<i>Amount of In-Kind Services Incurred in Excess of Cost Share Owed (Cannot be moved to another site or refunded to the state)</i>	\$0.00